

Joint Venture:  
Silicon Valley Network  
84 W. Santa Clara Street, Suite 440  
San Jose, CA 95113-1820  
Tel 408-271-7213  
Fax 408-271-7214  
info@jointventure.org  
www.jointventure.org



**Statement by Russell Hancock**  
**CEO, Joint Venture: Silicon Valley Network**

**At California Performance Review**  
**Commission Hearing**  
**San Jose State University**  
**August 27, 2004**

Members of the CPR Commission:

Thank you for inviting me to speak with you this morning about reforming the California state government.

Joint Venture: Silicon Valley Network in San Jose and the Bay Area Economic Forum in San Francisco have been working together for months to support fiscal reform for state and local government. Budget and tax reform should be part of or complement the governor's reorganization plan for the state. Earlier, we issued a Statement of Principles, which dovetails with the California Performance Review Report. I have provided your staff with a copy, which you may want to review.

Our two organizations have essentially the same constituencies in different parts of the Bay Area, including Silicon Valley – business, labor, education, local government, and community organizations.

My comments and suggestions about the CPR Report reflect the reviews of Sean Randolph, my counterpart at BAEF. They also are directed at the Report's recommendations about the state's information technology and procurement reforms.

Californians should be pleased that Governor Schwarzenegger initiated another major effort to improve state government, and polls indicate that they are. The time is right for reform. Taxpayers want tighter controls on government costs and improved services; government employees deserve better tools and a better organization to do their jobs; and business wants a climate in which it can prosper and provide jobs. These three themes must be the framework for California's reforms.

Unfortunately, our state's history of reform efforts is a graveyard of failures. But that shouldn't discourage us today. We have to find ways to overcome cynicism, avoid political bickering, and sidestep parochial opposition in order to get real reform. The Report's vision is impressive and encouraging, and we support it. The recommendations, however, must have a strong, strategic focus.

The experience of government and business in the 1980s and 1990s was that overly ambitious and detailed re-engineering, re-invention, or reform efforts consistently failed—often making the situation worse. What have worked are initiatives that are goal driven with the details left to those who make it happen.

The challenge for leaders who want to drive reform is to support their vision for reform with measurable, aggressive goals. The goals must persuade people to develop new approaches, not just copy existing best practices.

Lists of recommendations, such as the ones in the CPR Report, usually have generated the opposite effect. Because people have not been persuaded to buy into specific goals, they tend to be critical of and resist many potentially beneficial initiatives. It takes longer to launch an effort with employee involvement, but the results always arrive sooner and are larger.

To this end, we have five ideas, which we hope your Commission, the governor, our legislators and other leaders will consider carefully as this vital effort moves forward.

1. Debate about reform should focus on goals and strategies, not tools and tactics. Reasonable people should be able to develop a consensus about what we want to accomplish and why. With this in hand, reform leaders can shape the policies, programs and procedures to get us there. They must be accompanied by measurable achievement of a strategic objective. Otherwise, the bureaucracy will focus on the processes or organizational boxes.

The report is short on goals that are specific enough to motivate and guide effective and creative implementation. For procurement, the final recommendations should provide goals for total cost of ownership, quality and service level for different categories of purchased goods and services. For IT, the report should set out goals for cost, benefits and service levels.

2. Sustained, hands-on leadership will be the most important element of reforming the state government. The governor, legislators, regional civic organizations, local government, education, labor, and ordinary citizens will have to work as a virtual team in each area to implement recommendations, using implementation groups to find ways to meet the goals. These constituencies must signal agreement on goals and objectives. Otherwise, the CPR and related reform ideas will not generate enough support to overcome the institutional, special interest, and political barriers to success. The media also have an important role to play by sharpening the issues for public debate.
3. The legislature and the governor should collaborate to create measurements to track accomplishment of ambitious goals. Our government needs more than incremental improvements. These measures should include human-resource issues, service-related benefits for citizens, as well as cost-savings. They should be published and made accessible to citizens and the media.
4. The opportunity for public participation in the reform debate should be increased. With respect, I must tell you that I'm disappointed that the opportunity for public comment comes at the end of each of your hearings and the so-called professional testimony is too structured and limited. In the five minutes I have, I couldn't possibly discuss our specific ideas about the 32 IT and 20 procurement recommendations in the report.

If you want our suggestions for them, we'd be pleased to work with you and/or the governor's staff. The IT knowledge in Silicon Valley, the best in the world, should be utilized more effectively, as well as its procurement know-how. Reform in the IT sector, particularly, must be done in the open, providing effective safeguards to avoid real or perceived conflicts of interest. The public should be informed which private firms are involved in which IT recommendations, and consultants should be required to fill out Fair Political Practices Commission Form 700 (Statement of Economic Interests).

5. The reform's leaders, not just the governor, need to adopt a critical-path strategy to execute reform. If you haven't read it, I suggest that you look at the Little Hoover Commission's recently released report titled "Governing the Golden State, A Critical Path to Improve Performance and Restore Trust." I believe their "critical path" includes the major milestones to a successful reform campaign. They have participated in or witnessed the state's earlier efforts and undoubtedly learned much from them.

Finally, I want to emphasize that we support the reform and transformation of California's government into a modern and effective organization. Joint Venture and the Bay Area Economic Forum would be pleased to work with the governor, the legislature and other leaders to get this job done by helping to mobilize the extraordinary knowledge among our colleagues in this region. Also, perhaps we can find several state legislators in the Bay Area's capable delegation, which will take legislative ownership of this hugely important effort.

Thank you for your attention.